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E-Filed May 25, 2006

UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

In re: ) BK-S-06-10725-LBR  
 ) Chapter 11  
 USA COMMERCIAL MORTGAGE COMPANY )  
 Debtor )

In re: ) BK-S-06-10726-LBR  
 ) Chapter 11  
 USA CAPITAL REALTY ADVISORS, LLC, )  
 Debtor )

In re: ) BK-S-06-10727-LBR  
 ) Chapter 11  
 USA CAPITAL DIVERSIFIED TRUST DEED )  
 FUND, LLC, )  
 Debtor )

In re: ) BK-S-06-10728-LBR  
 ) Chapter 11  
 USA CAPITAL FIRST TRUST DEED FUND, )  
 LLC, )  
 Debtor )

In re: ) BK-S-06-10729-LBR  
 ) Chapter 11  
 USA SECURITIES, LLC, )  
 Debtor )

Affects: )  
 )  
☒ All Debtors )  
☐ USA Commercial Mortgage Co. )  
☐ USA Securities, LLC )  
☐ USA Capital Realty Advisors, LLC )  
☐ USA Capital Diversified Trust Deed )  
☐ USA First Trust Deed Fund, LLC )  
 )

DATE: 6-5-06  
 TIME: 9:30 AM

REPLY TO OPPOSITION TO MOTIONS FOR RELEASE OF FUNDS FROM  
INVESTOR ACCOUNT FILED BY: (1) STANLEY ALEXANDER , ET AL.,  
(2) GRABLE B. RONNING, ET AL. (AFFECTS USA COMMERCIAL MORTGAGE CO.)

COME NOW STANLEY ALEXANDER TRUST; DRS. STANLEY ALEXANDER and  
FLORENCE ALEXANDER; GRABLE B. RONNING; THE WILD WATER LIMITED  
PARTNERSHIP; CROSBIE B. RONNING; and THE BOSWORTH 1988 FAMILY TRUST  
by and through their attorney, ROBERT C. LEPOME, ESQ., and hereby files their Reply  
to Opposition (Docket #326) to Motions for Release of Funds from Investor Account.  
This Reply is based upon the Points and Authorities attached hereto.

Robert C. LePome, Esq.

/s/ Robert C. LePome, Esq

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#### POINTS AND AUTHORITIES

The Motions are not premature or contradictory. They should not be denied  
without prejudice because this is the same as granting a Motion to Delay which, of  
course, is opposed elsewhere. The Motions are ripe and should be decided now.

Debtor states that it has stopped originating and brokering new loans. On May  
18, 2006 Debtor mailed the usual package (about 1" thick) to RONNING indicating  
that the RONNING check #257 dated March 17, 2006 marked as Exhibit "F" had been  
invested in a Deed of Trust recorded April 3, 2006 in Fox Hills. The documentation

is, of course voluminous as with every other Direct Loan. Attached is the Confirmation Letter, the recorded First Amendment to the Deed of Trust and the envelope post-marked May 18, 2006 collectively marked as Exhibit "F-1". Apparently, Debtor has just confirmed that the \$50,000.000 went into its intended investment and therefore the \$50,000.00 has now been properly accounted for and this portion of RONNING's Motion is moot. That leaves the two checks marked as Exhibits "D" and "E" as uninvested funds or at least unaccounted for.

In its Summary of Fact at page 3, lines 4-6, Debtor states that it has "worked hard to begin analyzing and unraveling the problems the Debtors face arising from post business practices and irregularities". These "irregularities" as Debtor calls them are not the fault of the Moving Parties. Movants are entitled to have the Debtor support their rights under Nevada Law including NRS 645B.175 para. 2 which specifically states:

"Except as otherwise provided in this section, the amount held in trust pursuant to subsection 1 must be released:

- (a) Upon completion of the loan, including proper recordation of the respective interests or release, or upon completion of the transfer of the ownership or beneficial interest therein, to the debtor or his designee less the amount due the mortgage broker for the payment of any fee or service charge;
- (b) If the loan or the transfer thereof is not consummated, to each investor who furnished the money held in trust; or
- (c) Pursuant to any instructions regarding the escrow account."

#### Argument

Instead of a Joinder to Movant's legally supported Motion the Debtor takes an

adversary position to the Movants. Debtor states that it is not making new loans and that it cannot determine whose money should go where. Debtor argues (without citing any legal authority) that because there are Assignors and Assignees who may have a direct connection to the funds (and because those claims may be legitimate) that the Court should deny the Motions. Debtor then states that the Court should allow the matter to be resolved in an interpleader action - presumably in Nevada District Court. Naturally, Debtor did not file any Interpleader case and has no intention of doing so. This is just another smoke screen. This smoke screen is as reprehensible as the one that suggests that Movants some how "owe money to Debtor" due to supposed "advances on non-performing loans". As we have seen elsewhere the misconduct of Debtor should not be implied to the Movants. Indeed, it would be proper to characterize the position of the Debtor as: "We have engaged in criminal activity and now we want the Court to order you victims to suffer because of it." When does a thief require greater rights to money than his victims?

Finally, Debtor attacks counsel for Movants at page 6, lines 10-13 suggesting that Robert C. LePome may have a disabling conflict on behalf of both ALEXANDER, Movants as Assignors and RONNING, Movants as Assignors. The fact is that any such conflict is waivable by the Movants and indeed it was waived in writing prior to undertaking the dual representation. Such personal attacks are apparently taken

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because the Debtor has no legitimate basis for opposing the Motions.

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/s/ Robert C. LePome, Esq

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CERTIFICATE OF SERVICE

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was forwarded to:

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by electronic service on the 25th day of May, 2006 and to the following by regular mail on the 25th day of May, 2006

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